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SIPDIS

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PM/DTCC - BLUE LANTERN COORDINATOR  
US SOUTHCOM FOR POLAD

E.O. 12958: N/A  
TAGS: [ETTC](#) [KOMC](#) [AR](#)  
SUBJECT: BLUE LANTERN LEVEL 3: PRE-LICENSE END-USE CHECK ON  
APPLICATION 05-050040265

REF: STATE 47859

¶1. (SBU) SUMMARY: Per Ref A request, post carried out a pre-license check on Rosario (province of Santa Fe), Argentina-based foreign end-user Rodamientos Severino on May ¶15. It is post's opinion that the company will be a responsible recipient of United States Munitions List items. The firm has been importing similar ammunition from Fiocchi and other factories in Europe for years, and is working to diversify its supply base due to the appreciation of the Euro. In addition, the company has been manufacturing shotgun shells in Rosario under license from Fiocchi (Italy) for seventeen years. Site security is moderate, but seems adequate for the area, as they have never experienced a break-in at their warehouse/factory. END SUMMARY

¶2. (SBU) Ref A questions and post answers:

- Can you confirm an order from Fiocchi of America under license number 05-050040265?

Yes.

- When was the company established and who are its principals?

The company was first established in 1975, and the current owners are Ennio and Juan Carlos Modestini (brothers). Ennio Modestini was an original part owner, along with his father, aunt and uncle.

- Who are the company's typical customers and where are they located?

The company is a wholesaler only, and sells its products to approximately 150 different gun shops and hunting clubs throughout Argentina.

- Does the company have adequate on-site security?

At the company's warehouse and shotgun shell factory in Rosario, security is moderate. There are high walls, locked gates, lighted exteriors, and guard dogs. In addition, there is at least one person on site 24 hours a day. Gunpowder on site is stored in a partially buried, separately locked area. In over 20 years at the location, the only break-in the company has experienced was at their office several miles away.

- Does the company understand the restrictions on USML

articles, particularly regarding the requirement for prior USG authorization for re-export?

Yes. The company does not export any of its products.

- Does the company have the proper firearms license and import permit for the items listed on the license application?

Yes. The company has valid import/export, ammunition manufacturing, and explosives (i.e., gunpowder for manufacturing shotgun shells) importation permits from the Registro Nacional de Armas (RENAR, the National Weapons Registry, part of the Argentine Ministry of Defense), the agency which oversees private weapons transactions and ownership in Argentina. The company also has permission from the Ministry of Defense to distribute weapons as a wholesaler, to store weapons and ammunition, to store explosives, and also to transport weapons and ammunition (they deliver many of their goods to buyers). The company has specific authorization from RENAR for this shipment.

- Does the company keep detailed records of purchases, verifying that customers are properly licensed?

The company has a copy of the RENAR license (both for sales, and, if appropriate, transportation of arms and ammunition) on file for each of its clients.

- Does the company have sales records that indicate it possesses a customer base justifying this purchase?

Sales for the company's fiscal year 2006 (ending October 31, 2006) were 7.9 million pesos (approximately USD 2.57 million), and 6.2 million pesos (approximately USD 2.14 million) in FY 2005.

- Has the company received USML articles before?

No, but records provided by company principals show they have imported similar goods from sources in Europe (including Fiocchi factories in Italy and Hungary, and Czech firm Sellier & Bellot) on numerous occasions. If not for the recent appreciation of the Euro vis-a-vis the US dollar, the company would not have placed this order with a U.S. company.

13. (SBU) Checks with law enforcement and military contacts turned up no negative information.  
WAYNE